

percentage of out-of-state students is lower than that of most four-year schools. One model that's been discussed is to decrease the number of in-state students and increase the number of out-of-state students, so the legislature can allocate less money to the University. This is also a reversible change. In the short term, this approach would hurt access for the next crop of kids growing up in this state who want to go to the University.

- **Capital Budget.** The capital budget is very stressed. Expenditures are frozen, because the capital budget is funded by bonds that must be paid back. The freeze hasn't affected the Seattle or Bothell campuses, but UW Tacoma may lose \$150 million from the capital budget.

Holt sees the role of FCRIB as helping to make the UW a desirable place to be, by doing things that don't cost much money. This would include making sure that University faculty and staff know about, and can take advantage of, favorable changes in some laws.

- **New retirement laws and Veterans laws** - FCRIB should look into all the ways the UW can take advantage of these new laws and changes in existing laws.
- **Early retirement policies** - It may be a good idea to look at a more generally applicable policy. Other state employees can retire and be re-employed - that may apply here as well. The right to be voting members and have part-time work is fairly recent - do we want to encourage that?
- **Supplementation** - The staff retirement system for state employees is a defined contribution plan, but the UW does have the capacity for supplementation. That led the legislature to draft HB2244. The question is, will the UW be providing retirement supplementation only for existing employees, or for everyone?
- **Benefits, salaries, and tradeoffs.** With medical benefit costs rising by fixed percentages of 6%, 8%, and eventually 10%, and merit increases at much lower rates, it would be possible for a faculty member to receive a merit or even extra-merit increase but ultimately have a net salary decrease. It might be possible for salary increases to be for a fixed amount that would balance benefit cost increases. It's clear that fixed amount costs will increase; it's not clear that salaries will increase.

"I wish the picture were brighter," said Holt, "but there may be things we can do about it - we need to let people understand the consequences and the big picture."

In general discussion, Kathleen Dwyer asked if the faculty are thinking about the Michigan model, a high tuition/high aid model. Because the faculty doesn't control either tuition or enrollment, said Holt, the discussion hasn't gone very far. In addition, if the UW raises tuition by X dollars and provides high financial aid to offset the increased tuition cost, the state can take the tuition money for the general fund. Then the UW is no better off.

Martin said the take-home message is that this council should work on things that can be done to help the University. Holt agreed, adding that FCRIB can make a real contribution by getting more people informed, making a positive difference, and concentrating on improving things that don't necessarily cost money - parking, retirement changes, additional benefits people can sign up for.

Jim Whittaker asked whether faculty members are being lured away because of the funding situation. Holt replied that was a fair statement - the legislature did not give the University any recruitment and retention money this year, so retention efforts are not as aggressive as they once were.

Katy Dwyer pointed out the link between the long-term need for more university professors and the issue of early retirement/re-employment options.

Holt again thanked the Council members, and wished them success in the continuing work of the 2001-2002 academic year.

**Continued discussion of FCRIB role and priorities for the coming year:
Education, special studies, and technical assistance**

Diane Martin briefly discussed FCRIB issues pending from last year - educational activities, studies and information, and technical assistance to the legislature. As decided at the October council meeting, subcommittees will be set up along topic lines, she said, but these issues require discussion since they cross topic boundaries.

Technical Assistance: Jim Whittaker asked the status of the Data Warehouse project. Martin replied that the data people have been swamped, but some of the reports FCRIB has asked for should be available by early 2002 to help establish benchmarks, and to determine whether UW benefits are comparable to those of peer institutions.

Katy Dwyer advised that the Data Warehouse information has just been moved onto a more stable server. Appointment data and benefits information back to July 2000 have been loaded. It's now possible to pull people out by job classes to compare them. The data can be sorted by age, by retirement plan, etc. to see how people are using their benefits.

Special Studies: Martin reminded council members that they had looked last year at the three VIP vendors' reports and made some suggestions Katy has passed on to the vendors. This will be covered more fully in the work of Chamberlin's subcommittee.

At the close of last year, the Council had begun evaluating the possibility of additional benefits and personal financial planning. Martin said she thinks those items should be kept on the to-do list.

Whittaker asked whether UW employees will be able to contribute to both the 403b and the 457 plans. As of 2002, said Dwyer, they will be able to contribute to both, within certain constraints. The 457 plan has a \$12,000 limit, as does the 403b plan. For some people, this upper limit may be affected by the amount of money being contributed to the UWRP. PERS staff can contribute \$12,000 to the 457 plan, and \$12,000 to the 403b, however.

In addition, the UW may be able to offer its own 457 plan. Dwyer commented that a UW-controlled 457 plan might be helpful in recruiting, because it could offer a place to pay one-time deferred compensation.

Education: Martin posed the issue of educational activities for FCRIB. In last year's University Week article, she described FCRIB's charge and gave specific examples of what the Council does. This generated a lot of phone calls and emails from people interested in benefits. What should be the focus of her University Week article this year? Changes in retirement plans? Financial planning in a weak economy?

Dwyer suggested that the results of the Pension Council meeting might be a good topic. She is now drafting a report to the Regents, for their January meeting, on the IRS changes and new investment opportunities in the UWRP. When approved, this could be a good basis for an article. Martin will reschedule the University Week article from January to April 4, to allow time for the Regents' to approve Dwyer's draft.

Martin reminded the Council of the department visits of last year, in which Council members visited faculty meetings for 20-30 minutes and talked about benefits. Is this worth doing again? Larry Bliquez

said the visit to Classics, which is a very young department, was important because it made people aware that they are actually going to retire someday and that these considerations are important. After general discussion, consensus was reached that the visits should continue with the goal of visiting the departments of each FCRIB member. Members will contact their department chairs to schedule meetings. David Dugdale will aid in preparing for visits to the School of Medicine, which has a complex dual compensation system.

Charles Chamberlin remarked that the early retirement issue should be discussed in Council. Martin responded that Steve Olswang was scheduled to speak to that issue today, but was unable to attend. Dwyer commented that there are several early retirement options, so it's important to be clear about exactly what constitutes early retirement with re-employment rights. Once can achieve much of the effect of retirement, she said, if one doesn't care about coming back to teach.

Re-employment at the UW (Frey)

This subcommittee met and found there is lots of confusion about how 40% re-employment is defined. Departments have an amazing variety of interpretations, Charles Frey said. Some departments require that only one course be taught, others require those re-employed to teach in two separate quarters. The subcommittee is getting more information from faculty at peer institutions about what they are doing in exchange for agreeing to retire sooner, or not seek the 40%. Frey referred the council to the minutes of the subcommittee meeting (attached).

In general discussion, Kochin was of the opinion that a retiree could resign any percentage of tenure. Whittaker agreed that this has happened, but it may not be correct. Dwyer said perhaps outlining a range of options is needed, including some of the things that impact the way a person can retire. For instance, you can resign down to 50% and still retain your benefits. Martin said the 40% re-employment rule appears to apply to those who are fully funded on a state salary, so it becomes very complex when Health Sciences is involved and most of the money for salaries comes from grants. Martin added that the more flexibility employees have, the better.

Frey said he had been told that only two people at the UW had ever used the reduced employment option. He believes more people would use it if they knew the advantages.

Martin asked the Re-employment Subcommittee to research the broader issue of resigning a percentage of tenure, and see whether the policy should be changed. What do you do if you have 100% tenure and want to go to 50% tenure? Will my chair allow me to do it? If you give up 50% tenure, will your department retain that 50% or will it go back to the Dean?

Whittaker said he would like to see a range of possibilities and options developed, and perhaps posted on the Web, but that the choice of which options to use should remain vested with the departments.

UWRP and VIP Fund Choice (Chamberlin)

Chamberlin's Subcommittee has just begun gathering information and will report in January.

Institutional rule changes for Retirement Age (Olswang)

Steve Olswang was unable to attend, and has been re-scheduled for the January meeting.

Brief update on TIAA Long Term Care insurance (Whittaker)

Jim Whittaker's subcommittee is meeting later today to begin exploring the TIAA Long Term Care Insurance option. This insurance is not being offered now, but is proposed.

Other Issues

Martin was advised that Ludmila Chistoserdova, Chemical Engineering, is moving from a faculty position to a staff position in December. Martin directed the Recorder to remove Chistoservoda from the roster of Council members, since she is no longer a faculty member. In addition, Christian Kuhr, Peter Maxim, and Joseph Stowitschek are no longer Council members. Stowitschek should be replaced by another research professor.

Next meeting - Dec. 6, 1:00-2:30, 36 Gerberding

HCA Director Ida Zodrow will attend for an informational meeting. Martin will email a request for questions prior to the meeting.

The meeting was adjourned at 2:35 p.m. *Minutes by Linda Fullerton, Recorder*

Addendum to Minutes follows.

ADDENDUM TO MINUTES

November 15, 2001

Faculty Council on Retirement, Insurance, and Benefits
Subcommittee on Reemployment and Reduced Employment
Chair Charles Frey

Minutes re first meeting Nov. 8, 2001

REEMPLOYMENT

1. The current statement of the University's Policy on Retirement/Partial Reemployment (Faculty) is available online at <http://www.washington.edu/admin/acadpers/re-employ.html>. Retired tenured faculty members may be reemployed up to 40% time. 40% is the maximum currently allowed by state statute. With the elimination of mandatory retirement, a term other than five years could come under consideration.

2. 40% reemployments are funded from instructional budgets. This has been interpreted by the University as requiring retired faculty who are then reemployed at the full 40% limit to teach 40% of the normal course load in their department. Faculty cannot be paid in any one quarter, however, more than 33 1/3% of their nine-month salary. If, for example, the normal course load were five five-credit courses per academic year, then the reemployed faculty member would be expected to teach two courses. If the two courses were both taught in one quarter, then the faculty member would be paid 33 1/3% of nine-month salary for that quarter. Arrangements might be made between the faculty member and the department head to perform additional non-course teaching duties in another quarter to earn the remaining 6 2/3% (out of the 40% total).

Applying the 40% option to other teaching loads can be problematic, and we need to work out a full array of sample cases.

3. Teaching loads are determined locally within departments, and teaching can, when negotiated, include course development, clinical and laboratory supervision, certain administrative duties, and other duties. It is generally not permissible, under present policy, to reemploy retired faculty members (on instructional funds) solely for student supervision or general research activity. Should that policy be reconsidered?

4. 80% of retirees now avail themselves of the 40% reemployment option for one year. 50% continue for two years. 20% continue for three to five years.
5. At present, lecturers are not offered the 40% reemployment option. They are not tenured. They may be able to negotiate reduced employment (see below). S. Olswang doubts the UW would commit resources to extend the 40% option to lecturers.
6. Re-employed faculty are normally designated as emeritus professors. That epithet may be less attractive to faculty seeking grants than would a title such as "Senior Professor." It should be relatively easy and agreeable for the University to grant such a title.
7. FCRIB should consider the pros and cons of requesting the University to ask the state legislature to authorize a higher percentage for reemployment, say 50% or 60%.
8. It seems advisable to redraft and amalgamate the 40% policy statement and a supplementary letter from the Provost's office (dated April 18, 1995) so as to clarify the overall policy and its likely applications.
9. S. Olswang will investigate and report on the availability of information as to what our peer institutions offer by way of comparison to our 40% reemployment option.

REDUCED EMPLOYMENT

10. In the "Report of the University of Washington Retirement Plan Task Force," February 26, 1996, the Payout Options Subcommittee wrote (Appendix D4):

Alternative to 40% reemployment option. Phasing into retirement by reducing the percentage of employment is a viable alternative. Reducing time to 80% in the first year followed by 60% in a second year would preserve health insurance and benefits while postponing use of TIAA/CREF resources. For a 65 year old this would have the following effects. TIAA/CREF payments would increase by 7% or more each year. Social Security payments would increase by 4.5 to 6% a year for each year of retirement deferral.

S. Olswang advised FCRIB (minutes of February 6, 2001): "faculty members who want to retain their paid benefits, but do not want to work full-time, can resign a portion of their appointment and reduce their level of University activity as part of a phase-out plan toward full retirement and/or retirement up to a maximum of 40% reemployment . . . It is also possible, for faculty who want to test this method, that the University would allow a faculty member to take a partial leave of absence without pay for up to two years before it would be necessary for a faculty member to resign a portion of his or her appointment."

The reduced employment options raise questions of how merit raise policies may apply to those on reduced employment and questions of whether partial resignation funds or leave replacement funds (freed by the reduced employment) would remain within departmental control.

ISSUES IN NEGOTIATING RETIREMENT OPTIONS WITH THE UNIVERSITY

11. Occasionally, faculty salaries may be increased by the University for, say, the last two years of service, in exchange for a faculty member agreeing to retire at a certain point or agreeing not to seek 40% reemployment, or both. And other "buyout" arrangements have been negotiated between faculty and University (through the Provost's office). S. Olswang agreed to provide a comprehensive list of the range of such agreements reached in the past as well as a statement of current policy on this issue. It remains to be discussed further whether a useful written policy statement can be formulated for FCRIB or its constituents.